Supreme Court, U.S.
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No. 99-_____

IN THE

SUPREME COURT OF THE UNITED STATES

JEFFREY W. BROWN Petitioner,
v.

ADIDAS USA. INC., AKA,
ADIDAS AMERICA INC., Respondent,

On Petition For Extraordinary Writ of Certiorari
To the United States Court of Appeals
For the Ninth Circuit

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Plaintiff/Petitioner in Propria Persona

6300

QUESTIONS PRESENTED

1) With the very text of Supreme Court Rule 10 directing in this case conflict with PTO law and other appellate decisions regarding, what establishes maintains and qualifies as a misappropriation of a trade secret, and because of the existence of shedding light evidence, before the Ninth Circuit, brought forth extraordinarily by a plaintiff in duress, in propria persona, does not Federal Rule 60(b) requite the burden, as the benefit of the doubt, when the alternative is a) the loss of constitutionally guaranteed right to trial, b) conflict and loss of uniformity in PTO and trade secret law and c) commerce damage beyond petitioner to other developing American entrepreneurs, as the potential holders of trade secrets?

2) Do not these facts qualify as at least circumstantial error by the District court? a) The District court incorrectly believed that Brown did not have a trade secret, which conflicts directly with an appealed PTO allowance of a patent claim and b) Brown had met all the trade secret burdens under the UTSA. c) The district court viewed Brown's trade secret utilizing the wrong federal written copyright text infringement standard as "substantially similar" vs. the correct misappropriation test "substantially derived," under the UTSA for a formulation trade secret. d) The District court gave improper weight in a motion for summary judgment, to a false adidas' third party development argument, "when the formulation in question undeniably doesn't match the patent claims adidas argues as the very origin of their third party development." e) The District court substituted an Feb.'98 oral hearing early in discovery and an oral hearing in May '98 as plaintiffs oral arguments, for plaintiff's "day in court," especially when the sole subject of the oral hearing May

26, 1998 was devoted entirely to the Judges own issues of prejudice and possible recusal. f) In the form of two Motions to Compel and one Motion for Default Judgment, the District court allowed abusive discovery practices by adidas, that prevented and plaintiff in propria persona from presenting "shedding light evidence," in a more timely fashion, and that would allow sufficient triable issues of material fact to stay an order for summary judgment and a trial commence.

3) Doesn't the fact that Petitioner is receiving a valid patent formulational claim allowance from appeal with the PTO, further support Petitioner's claim for having a trade secret and doesn't this fact prove that the District Court at least errored in ruling that Petitioner did not have a trade secret?

4) Can the need for uniformity with the PTO and within Supreme Court and Ninth Circuit trade secret law citation, be so essential that if not properly viewed, could set back and undermine the economic backbone of new emerging US intellectual property business commerce?

5) Was the decision by the Ninth Circuit Court of Appeals so violative of Petitioner's Seventh Amendment right to a trial by jury, this court should exercise it's power of supervision to; (a) review and correct clearly erroneous errors regarding the District Court's order for summary judgment, as harsh and unreasonable for a plaintiff in propria persona, (b) for national trade secret law uniformity, review and correct the District Court's improper application and standard for what establishes a trade secret and the proper misappropriation burden for a formulation trade secret vs. a written trade secret copyright infringement under the UTSA, (c) correct the conflict with

the PTO (Patent and Trademark Office) and the conflict and loss of uniformity in Ninth Circuit citation for trade secret law under the UTSA (CA Uniform Trade Secret Act), (d) review and correct proper viewing of triable issues of material facts and "new evidence" before the courts, (e) correct the Ninth Circuits harsh procedural ruling under Federal Rules of Civil Procedure 60(b) and petitioner prays, (f) at minimum reverse and grant petitioner a jury trial.

6) Multiple NDA's (Nondisclosure Agreements) utilized by Brown, further prove Brown's trade secrets under the UTSA, and clearly established that adidas had no high resilient Predator formulation and not finished "Pulsion Fins" until after Brown's confidential high resilient formulation and "Layered Energy Strips," disclosures. Why then did the courts give no weight to Brown's use of NDA's, though a reasonable person could not mistake that adidas's Predator shoe had utilized trade secrets from Brown that were "substantially similar" and/or "striking similar," as the proper misappropriation tests under the UTSA, especially when the adidas third party development argument could not be substantiated and would not support a motion for summary judgment? How can the court's improper ruling against the UTSA, not negatively affect private seed or start up stage developers of intellectual property in the future, based on agreements of confidentiality with NDA's?

PARTIES TO THIS PROCEEDING

The names of all parties to this proceeding are contained in the caption of this case. Petitioner is an individual and a CA Partnership.

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No. 99-_____

IN THE
SUPREME COURT OF THE UNITED STATES

JEFFREY W. BROWN ., Petitioner

v.

ADIDAS USA, INC, aka
ADIDAS AMERICA, INC., Respondent

PETITON FOR EXTRAORDINARY WRIT OF CERTIORARI
TO THE UNITED STATES SUPREME COURT OF APPEALS
FOR THE NINTH CIRCUIT

Petitioner Jeffrey W. Brown respectfully prays an Extraordinary Writ of Certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit.

Pursuant to a) the prior courts not viewing late new evidence submitted by Petitioner in his Plaintiff's Motion to Reconsider to the District Court and in his Appeal Brief for the Ninth Circuit, clearly establishes Petitioners trade secrets, as well as unequivocally documents a three way misappropriation trail by the Respondents. b) Petitioners unarguably has met the statues requirement for maintaining his trade secrets, including confidentiality with the use of multiple nondisclosure agreements. c) herein, and as a

result of improper use of copyright trade secret infringement standards by the prior courts, Petitioner has been denied his Seventh Amendment, constitutional right to a jury trial.

The current Court's ruling is in dire, economic conflict with the PTO, for what constitutes a trade secret as well as its strong relationship to issuing patents, other Ninth Circuit authority to be discussed in detail later herein, and with the Supreme Court which embraced entrepreneurial efforts in **KEWANEE v. BICRON OIL, S. CT. 1974**, regarding what constitutes a trade secret as well as the confidentiality burdens in action, with the use of nondisclosure agreements in **DUPONT DE NEMOURS COMPANY v. MASLAND, 244 U.S. 100 37 S. CT. 575, 61 L.ED 1016 (1917)**. Nondisclosure agreements were designed to further creative individual economic pursuit and exploitation potential by allowing people and business to explore the proprietary ideas of each other in a confidential working arena. The prior Courts rulings did not recognize Petitioners valid and well earned confidentiality, trade secrets and now issuing patent.

Petitioner's intellectual property rights are further confirmed by the fact that Petitioner's trade secret will soon become a patent. This information was disclosed to the District Court and the Ninth Circuit by way of a declaration from Petitioner's patent attorney Charles W. Fallow. The economic trade secret to patent lineage for exploitation again strikes at the heart of the current ruling in **CHRISTIANSON et al. v. COLT INDUSTRIES OPERATING CORP.** Section 1338(a) jurisdiction extends only to those cases in which a well-pleaded complaint establishes either that federal patent law creates the cause of action or that the plaintiff's right to relief necessarily depends on resolution of a substantial question of federal patent law.

The trial court errored in granting summary judgment for Respondents, given that there were numerous disputed factual issues on which Petitioner presented competent evidence and expert testimony which must ultimately be decided by a jury as to the trier of fact.

The Ninth Circuit chose to focus on Petitioner's in propria persona late appeal filing and would not review the clear and convincing evidence provided for a reversal and a proper Petitioner's trial. This only compounds the lack of prior court's witness for the essential Petitioner's burden of proof. A Petition for Rehearing En Banc also saw no review. The District Court was clearly wrong in it's election for summary judgment when there is clear and convincing evidence and "new evidence" that at the very least should be decided by a jury under the Seventh Amendment. The very legal standards for what a trade secret is and what constitutes trade secret infringement, are in serious omission.

OPINIONS BELOW

The order of the Court of Appeals for the Ninth Circuit, affirming the decision of the District Court is set forth as Appendix A, December 16, 1999.

The opinion of the United States District Court for the Southern District of California is set forth in Appendix B, September 14, 1998.

The Order of the Court of Appeals for the Ninth Circuit, denying Brown's Petition for Rehearing En Banc I set forth in Appendix C, March 3, 2000.

STATEMENT OF JURISDICTION

The Court of Appeals entered its judgment for Petitioner's Petition for Rehearing En Banc on March 3, 2000. This court has jurisdiction to review this petition pursuant to 28 U.S.C. 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISONS INVOLVED

The Seventh Amendment to the United States Constitution provides:

For its primary purpose the preservation of "the common law distinction between the province of the court and that of the jury, whereby, in the absence of express or implied consent to the contrary, issues of law are resolved by the court and the issues of fact are to be determined by the jury under appropriate instructions by the court." But it "does not exact the retention of old forms of procedure" nor does it "prohibit the introduction of new methods of ascertaining what facts are in issue" or does it "prohibit the introduction of new methods of ascertaining what facts are in issue" or rules of evidence.

Traditionally, the Supreme Court has treated the Seventh Amendment as preserving the right of trial by jury trial in civil cases as it "existed under English common law when the amendment was adopted." The right was to "a trial by jury of twelve men, in the presence and under the superintendence of a judge empowered to instruct them on the law and to advise them on the facts and (except in acquittal of a criminal charge) to set aside their verdict if in his opinion it is against the law or the evidence." Decisions for the jury must be by unanimous verdict.

The Supreme Court in **ROSS v. BERNHARD, 396 U.S. 531 (1970),** the Seventh Amendment to the Constitution provides that in "[s]units at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved." Because the 1938 merger of law and equity in the federal courts eliminated any procedural obstacles to transferring jurisdiction to the law side once the equitable issue of

standing was decided, the Court continued, if the corporation's claim being asserted by the stockholders was legal in nature, it should be heard on the law side and before a jury trial.

The Seventh Amendment has for it's primary purpose the preservation of "the Common law distinction between the province of the court and that of the jury, whereby, in the absence of express or implied consent to the contrary, issues of law are resolved by the court and issues of fact are to be determined by the jury under appropriate instructions by the court." But it "does not exact the retention of old forms of procedure" nor does it "prohibit the introduction of new methods of ascertaining what facts are in issue' or rules of evidence.

In **DAIRY QUEEN v. WOOD,** in which the plaintiff sought several types of relief, including injunction and an accounting for money damages, the Court held that, even though the claim for legal relief was incidental to the equitable relief sought, the Seventh Amendment required that the issues pertaining to that legal relief be tried before a jury, because the primary rights being adjudicated were legal in character. Thus the rule that emerged was that legal claims must be tried before equitable ones and before a jury if the litigant so wished.

"The Seventh Amendment does apply to actions enforcing statutory rights and requires a jury trial upon demand, if the statues creates legal rights and remedies, enforceable in an action for damages in the ordinary courts of law."

The use of the term "common law" in the Amendment as indicating those cases in which the right to jury trial was to be preserved reflected, of coarse, the division of the English and United States legal systems into

separate law and equity jurisdictions, in which actions cognizable in courts of law generally were triable to a jury while in equity there was no right to a jury. In the federal court system there were many unitary courts having jurisdiction in both law and equity, but distinctive laws and equity procedures, including the use or nonuse of a jury. Adoption of the Federal Rules of Civil Procedure in 1938 merged law and equity into a single civil jurisdiction and established uniform rules of procedure. Legal and equitable claims which previously had to be brought as separate causes of actions on different "sides" of the court could now be joined in a single action, and in some instances between law and equity for purposes of determining when there was a constitutional right to trial by jury remained and led to some difficulty.

The difficulty has been resolved by stressing the fundamental nature of the jury trial and protecting it against diminution through resort to equitable principles. In **BEACON THEATRES v. WESTOVER,** the Court held that a district court erred in trying all issues itself in an action in which plaintiff sought a declaratory judgment and an injunction barring the defendant from instituting an antitrust action against it, and the defendant had filed a counter claim alleging violation of the antitrust laws and asking for treble damages. It did not matter, the Court ruled, that the equitable claims had been filed first and the laws of counterclaims involved allegations common to the equitable claims. Subsequent jury trial of these issues would probably be precluded by collateral estoppel, hence," only under the most imperative circumstances which in view of the flexible procedures of the Federal Rules we cannot now anticipate, can the right to a jury trial of legal issues be lost through prior determination of equitable claims." Then in **DAIRY QUEEN v. WOOD,** the court held that, even though the claim for legal relief was incidental to the equitable relief sought, the Seventh

amendment required that the issues pertaining to that legal relief be tried before a jury, because the primary rights being adjudicated were legal in character. Thus, the rule that emerged was that legal claims must be tried before equitable ones and before a jury if the litigant so wished.

STATEMENT OF THE CASE

I. PURPOSE

The bases for this petition for extraordinary writ are as follows: A) There were material points of fact overlooked in the Ninth Circuit's decision of December 16, 1999, and B) There are apparent conflicts with other decisions of the Court which were not addressed.

Petitioner files this extraordinary writ because the intellectual property at issue involves questions of exceptional importance and consideration by the full Court is necessary to maintain uniformity in it decisions regarding trade secrets, misappropriation of trade secrets and confidentiality under nondisclosure agreements.

II. STATEMENT OF COUNSEL

Petitioner's motion for reconsideration identified newly discovered evidence and clear errors committed by the District Court. A chronology of Predator development evidence and events support Petitioner's arguments and point out essential material facts overlooked by this Court. A bountiful list of authority cited by Petitioner from the Ninth Circuit and the U.S. Supreme Court further supports Petitioner's misappropriation claims and act in direct conflict with the District Court's rulings.

III. THE COURT OVERLOOKED SEVERAL CRITICAL FACTS

*A. New PTO Evidence Supports Petitioner's Claims

As presented to the 9th Circuit on appeal, the Patent and Trademark Office ("PTO") in appeal has now allowed a claim for Petitioner's polybutadiene formulation for footwear.[1] This patenability proves Petitioner's formulation is a trade secret and is in direct conflict with the District Court's decision that Petitioner does not have a trade secret. Petitioner has met the requisite burden to demonstrate his formulation is a trade secret. The Court erred in failing to recognize this fact.

B. Late Discovery Provided By Adidas Is New Evidence Which Support Petitioner's Claims

New evidence provided in Petitioner's motion for reconsideration included late discovery provided by adidas after Petitioner filed motions to compel. The new evidence was extensive and was only able to be offered to the District Court in the motion for reconsideration. This new evidence supported Petitioner's trade secret claim and raised issues to be decided by a finder of fact.

IV. THE COURT'S RULING IS IN CONFLICT WITH OTHER DECISIONS OF THE COURT

A. Uniformity is Necessary Regarding What Constitutes a Trade Secret

What is scientifically and legally-significant is that the Predator formulation developed by ESN for adidas does not match the Craig Johnston Predator Patent claims. This alone is sufficient to negate all of adidas's independent

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[1] On May 18, 1998, Appellant made the District Court aware that he was in PTO appeal with his polybutadiene formulation. The PTO s favorable decision constitutes critical new evidence which was overlooked by the Court.

with the PTO and other Ninth Circuit authority regarding what constitutes a trade secret.

B. THE DISTRICT COURT ERRED IN NOT RECOGNIZING NEW EVIDENCE

The District Court stated in its denial of Petitioner's motion for reconsideration: "The evidence shows that Mr. Johnston's patented shoe design formed the basis for the Predator shoe project, including the development of the fins." (District Court Order, p. 6, ll. 23-25) This is wrong. The new evidence provided in Petitioner's motion for reconsideration clearly shows that while Craig Johnston did file a patent in 1991 before Petitioner's trade secrets introduction, the final Predator formulation and fins design were finalized *after* Petitioner's formulation samples and "Layered Energy Strips design art" input in May-July 1992 and certainly resemble the final Predator fins formulation and design. The use of the "super ball marketing" clearly shows the added depth of the three-way misappropriation by adidas.

V. COMPELLING GROUNDS EXIST FOR CONSIDERING ON APPEAL THE DISTRICT COURT'S ERRONEOUS DENIAL OF PETITIONER'S MOTION FOR SUMMARY JUDGMENT

Given that Petitioner is *in propria persona*, in the interest of justice his appeal of the District Court's summary judgment ruling should not be ignored solely due to the fact that Petitioner was late filing his Notice of Appeal. This is especially true given the fact that Petitioner believed the District Court had in its September 11, 1998 Order extended the time for Petitioner to file his appeal of the summary judgment ruling: "If Petitioner wishes to appeal this Court's ruling he must file the notice of appeal

of compliance with Fed. R. App. 3 & 4 (a)." Petitioner timely filed his appeal within 30 days of the September 11, 1998 Order. Thus, his appeal of the District Court's summary judgment ruling should be considered.

A. TRIABLE ISSUES OF FACT EXIST TO WARRANT REVERSAL OF THE DISTRICT COURT

The trial court erred in granting summary judgment for Respondent given that there were numerous disputed factual issues on which Petitioner presented competent evidence which must ultimately be decided by a jury as the trier of fact. These issues include the following:

1. Whether adidas reversed engineered Petitioner's patented high resilient polybutadiene and natural rubber "super ball" formulation for abrasion and lightweight with a quick cure manufacturing mix from (a) "super ball" information Petitioner disclosed to adidas on May 15, 1992, (b) proprietary polybutadiene samples provided to Dr. Simon Luthi of adidas on July 7, 1992, and (c) Petitioner's trade secret "Layered Energy Strips," sketches of which Petitioner provided to adidas along with his polybutadiene samples on July 7, 1992.

It is undisputed that on May 15, 1992 and July 7, 1992, Petitioner confidentially disclosed this information to adidas and, in fact, in September and December 1991 adidas signed two separate non-disclosure agreements ("NDAs") with respect to this information. The factual issue in dispute is whether adidas' German rubber consulting firm, ESN, which is *located next door* to adidas' German facility, independently developed the Predator fin material for adidas' soccer shoes, after Petitioner disclosed proprietary, confidential information to adidas regarding the same technology and its unique use in footwear.

Petitioner presented competent evidence, including expert testimony, which supported the conclusion that reverse engineering by adidas not only was possible, but occurred. Adidas disputes this claim.

A significant piece of evidence Petitioner presented which refutes adidas' "independent development" argument is that the adidas' Predator patent claims do not match the formulation in the adidas Predator soccer shoe. Petitioner presented evidence which explains this difference: adidas misappropriated Petitioner's formulation, reverse engineered it, and modified the formulation for use in the adidas' Predator soccer shoe. Adidas' "independent development" claim is also suspect given the fact that there is no dispute that Petitioner provided adidas four physical samples to test *before* adidas ever asked ESN to develop the material. ESN's laboratory is next door to adidas. It stretches credulity for adidas to claim that it was *a mere coincidence* that ESN independently developed the material after Petitioner had provided samples to adidas, especially when there was no evidence of high resilient polybutadiene footwear development by ESN or adidas prior to Petitioner providing samples to adidas. It is appropriate for a jury to assess these disputed factual issues and conclude whether adidas did, indeed, misappropriate Petitioner's trade secrets rather than develop the formulation independently.

The trial court erred in granting adidas' summary judgment based on its conclusion that adidas' independently developed its formulation for use in the Predator soccer shoe because it is well-settled that this is a question of fact to be decided by the *jury*. "In an action for damages for the misappropriation of a trade secret, whether defendant independently invented the idea [or formulation] which was allegedly misappropriated is a *question for the finder of fact*." *Droeger v. Welsh Sporting Goods Corp.*, 541 F.2d 790 (9th Cir. 1976) (emphasis added).

In *Droeger*, the idea for improving a backpack was communicated by its originator to a sales representative of a sporting goods corporation and subsequently the corporation produced a similar backpack. The court concluded that these facts "presented a jury question whether the corporation has misappropriated the design, in [an] action for misappropriation of [a] trade secret, despite fact that the corporate officer testified that he had independently conceived the design and [the] sales representative testified that he had not communicated plaintiff's idea within his company and that this testimony was not directly controverted." *Id.*

Incredibly, the facts of *Droeger* parallel the facts of this case in virtually every respect! In 1970, Droeger wrote an unsolicited letter to Welsh concerning Droeger's patented design for luggage convertible to a backpack.. In early June, 1970, Welsh's sales representative, Warren Bayley, met with Droeger to discuss the patented device. At that same meeting, Droeger sketched for Bayley a second type of luggage that was also convertible to a backpack. This second concept, known as the "Russian design", was not original with Droeger.

Subsequent to the June meeting, Bayley wrote Droeger that "any and all descriptions, information and naturally patents will be held in the strictest confidence." Thereafter, Droeger sent a letter to Bayley with two sketches. One sketch showed the Russian design plus an improved version of that design conceived by Droeger. The other sketch showed Droeger's "improved Russian design" could be applied to an existing Welsh product. In the accompanying letter, Droeger described his improvements, which included alteration of the carrying handle and the use of a stop to prevent the shoulder straps from being pulled through a staple.

Although Droeger and Bayley continued meeting to discuss Droeger's patent, Droeger received no answer from Bayley in response to questions concerning the "improved Russian design." When Welsh subsequently produced a pack similar to Droeger's "improved Russian design," Droeger instituted suit.

An officer of Welsh testified that he had conceived the challenged design with no knowledge of Droeger's idea. Bayley testified that he did not communicate Droeger's design idea within his company, but instead had filed it away. Both witnesses were uncontroverted by direct evidence. However, the court found that circumstantial evidence clearly created a question for the jury. Ultimately, the jury found that Droeger's concept was a trade secret and that Welsh had misappropriated it. Similarly, in this case, in May and July, 1992, Petitioner met with Dr. Simon Luthi of adidas and disclosed his patented trade secret "super ball" information and gave Dr. Luthi proprietary polybutadiene samples and sketches of Petitioner's trade secret "Layered Energy Strips." Adidas executed two NDAs regarding Petitioner's confidential disclosures. Subsequently, adidas, through its German rubber consulting firm, ESN, *located next door* to adidas' German facility, developed Predator fin material for adidas' soccer shoes, *after* Petitioner disclosed to adidas proprietary information regarding the same technology and its unique use in footwear. Adidas claims ESN's development was independent of Petitioner's disclosures to Dr. Luthi. ESN claims they did not communicate with Petitioner. As in *Droeger,* while there is no direct evidence to controvert these claims, circumstantial evidence creates a question for the jury.

2. It is also undisputed that Petitioner's "Layered Energy Strips" were presented to adidas long

before the adidas Predator soccer shoe "Pulsion fins" name and/or design were finalized. Petitioner presented competent evidence that the 1992 utility design he prepared and disclosed to adidas and the final 1994 Predator shoe Pulsion fins design are strikingly similar. Adidas disputes this claim. Again, the trier of fact should be the one to decide whether the similarities are sufficient to constitute a misappropriation of Petitioner's trade secrets.

B. The Trial Court Erred In Its Application Of The Law

In at least two critical respects, the trial court erred in its application of the law to the facts of this case, resulting in its summary judgment ruling:

1. The Trial Court Erred In Finding That Petitioner Did Not Have Any Trade Secrets To Misappropriate

Under California law, a trade secret is defined as follows:

"Information, including a formula, pattern, compilation, program, device, method, technique, or process that:

(1) Derives independent economic value, actual or potential, from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use; and

(2) Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy." Cal. Civ. Code § 3426.1(d).

Significantly, "what constitutes a trade secret is a *question of fact.*" *Gates Rubber Co. v. Bando Chemical*

Indus., Ltd., 9 F.3d 823, 848 (10th Cir. 1993) (emphasis added).

Despite the fact that what constitutes a trade secret is a *question of fact* for the jury to decide, the trial court, in granting adidas' motion for summary judgment, erroneously concluded that Petitioner had no trade secret to misappropriate because "the use of polybutadiene as an ingredient in footwear has been widely known in the rubber industry since at least the 1970s." (Respondent's Record, p. 208.)

What the trial court failed to recognize, however, is that Petitioner was the first person to put into practice high resilient formulational use of polybutadiene in footwear with the use of his "super ball" patent. The law in this area is clear that in adopting the Uniform Trade Secret Act ("UTSA"), California "chose to exclude from the definition [of a trade secret] only that information which the industry already knows, as opposed to that which the industry could easily discover." *Abba Rubber Co. v. Seaquist*, 235 Cal. App. 3d 1, 21 (1991). Thus, public domain elements can be used to create a new trade secret, which is exactly what Petitioner has done in the case of his unique high resilient formulational use of polybutadiene in footwear. As a matter of law, therefore, Petitioner's unique use of polybutadiene in footwear does constitute a trade secret.[2]

In fact, on April 2, 1996, Petitioner obtained a patent to this proprietary technology, which claimed priority from his U.S. Patent Application 07/673,470, filed May 7,1991. On April 29, 1999, Petitioner's patent

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[2] There is no dispute Appellant met the second element of a trade secret. His efforts to maintain the secrecy of his formulation included having adidas sign two separate NDAs.

May 7,1991. On April 29, 1999, Petitioner's patent counsel, Charles Fallow, made a declaration regarding the timing and scope of Petitioner's patent. He declared as follows:

> "I am a registered U.S. Patent Attorney, Reg. No. 28,946.
>
> Having reviewed the records of the Patent and Trademark Office, I verify that Jeffrey W. Petitioner is the inventor and patentee of U.S. Patent 5,502,90 1, granted April 2, 1996, which claimed priority from U.S. Patent Application 07/673,470, filed May 7, 199 1. 1 was the attorney of record when the patent issued, by not during the pendency of the original application 07/673,470.
>
> Mr. Petitioner currently has another patent application pending, No. 09/274315, which claims priority from the application which matured into Patent 5,502,901.
>
> The current application was filed as a continuation (CPA) of application 08/944476, following an interview with examiner Marie Patterson who indicated a willingness to consider an amendment adding details of Mr. Petitioner's high-resilient polybutadiene formulation to the specification and adding an independent claim for footwear including an element made according to that formulation."

(See Fallow Declaration, attached to Petitioner's Reply Brief.)

Thus, there can be no dispute that Petitioners' high-resilient polybutadiene and natural rubber "super ball" formulation with its application to footwear constitutes a

trade secret. There is also no dispute that this patented technology was invented by Petitioner *before* Petitioner disclosed it to adidas and *before* adidas used this technology in its footwear. The question of fact thus becomes whether, through reverse engineering, adidas misappropriated that patented trade secret which Petitioner disclosed to adidas under the cloak of two NDAs and utilized the trade secret in its footwear. This is appropriately an issue for the trier of fact to decide.

2. The Trial Court Applied The Wrong Trade Secret Misappropriation Test

The trial court also erred in applying the wrong trade secret misappropriation test. The court improperly applied the federal copyright misappropriation test of "substantial similarity" and proceeded to make a side-by-side comparison of Petitioner's recipe to that of ESN and concluded that there was no "substantial similarity" between the two recipes.

However, the correct legal standard to apply in California for misappropriation of trade secrets under the Uniform Trade Secret Act is the "substantially derived" test. Under this test, unlike the "substantial similarity" test, even if the recipes are not "substantially similar," if the new products are substantially derived from the trade secrets of another, it constitutes a misappropriation of trade secrets. *See In re Innovative Constr. System, Inc.*, 793 F.2d 875, 887 (7th Cir. 1986) ("the user of another's trade secret is liable even if he uses it with modifications or improvements upon it effected by his own efforts, so long as the substance of the process used by the actor is derived from the other's secret."); *Mangeren Research & Development v. National Chemical Co.*, 87 F.3d 937 (7th Cir. 1996). *See also Winston Research Corp. v. Minnesota Mining and Mfg.* Co., 350 F.2d 134, 145 (9th Cir. 1965);

Speech Technology Associates v. Adaptive Communication Systems, 1994 WL 449032, 8 (N.D. Cal.) (court found that when defendant claimed ownership over the redesigned products *substantially derived* from plaintiff's prototype, they misappropriated plaintiff's trade secrets in violation of California Civil Code § 3426. 1 (B)(ii)).

Further, under the "substantially derived" test, in contrast to the "substantial similarity" test, reverse engineering would constitute a misappropriation of trade secrets. *See Gates Rubber Co.,* 9 F.3d at 848.

Similarly, in *Thermodyne Food Service Products v. McDonald's Corp.,* 940 F.Supp. 1300 (N.D. 111. 1996), a trade secret misappropriation case in which defendants sought summary judgment, arguing that they did not use the same parts identified in plaintiffs disclosures, the district court, in rejecting this argument and denying summary judgment, noted that fact questions precluded summary judgment on the misappropriation claim and defendants could be liable if they used slightly different or modified parts to achieve improved results. 940 F.Supp. at 1307.

As in *Thermodyne* and Gates *Rubber,* in this case the mere fact that in a side-by-side comparison there are differences between adidas' recipe and Petitioner's recipe does not preclude the possibility that adidas reverse engineered Petitioner's formulation and then proceeded to modify his formulation. In fact, Petitioner has presented competent evidence, including expert witness testimony, that this is exactly what Adidas did. Of course, adidas disputes this claim, contending ESN independently developed the Predator fin material for adidas, and it was a *mere coincidence* that shortly before ESN's development, Petitioner disclosed his trade secrets to adidas. This is

another factual dispute which must be resolved by the trier of fact.

Both Richardson v. Suzuki Motor Co. (Fed. Cir. 1989) 868F.2d 1226, and Flexibility Technology, Inc. v. World Tubing Corp. (Ed NY 1996) 910 F. Supp. 115, direct trade secret misappropriations to the UTSA as "substantially derived" and/or "striking similar." Further directed with Aronson v. Quick Point Pencil Co. (1979) 440 US 257, 99 S.Ct. 1096 59 L. Ed 226.

Devon Industries v American Medical Int'l. Inc. (9th Cir. 1995) 61 F. 3d 910, Data General Corporation v. Grumman Systems Support Corp. (D.Mass. 1993) 835 F. Supp. 340, 359 and Surgidey Corp. v. Eye Technologies Inc. (8th Cir. 1987) 828 F 2d. 452, 456, further support Brown's trade secret under the UTSA.

Because of errors in interpreting Brown's intellectual property, the District court had cause to reconsider plaintiff's Motion to Reconsider, School Dist. N. 1J Multnomah City v AcandS, Inc. 5 F3d. 1255, 1292 (9th Circuit 1993).

For the foregoing reasons, this Court should reverse the District Court Order and this case should proceed to trial on the extraordinary merits.

REASONS FOR GRANTING THE PETITION

1) As the authority presented clearly demonstrates, as per Supreme Court Rule 10, this case meets the burden for granting a writ of certiorari with the current ruling being in direct conflict with the PTO and patent law and with the loss of uniformity in trade secret law under the UTSA. The current Ninth Circuit and District Court ruling are in dire conflict with the body of Ninth circuit formulational trade secret misappropriation citation under the UTSA and with the Supreme Court. Errors, as the wrong application of the written federal copyright infringement standard and not believing Brown had a trade secret and overweight to an erroneous third party development argument by the District court, are facts that resulted in an incorrect ruling for summary judgment.

Supreme Court Rule 20 determines this Extraordinary Writ because of the direct patent and trade secret law aid provided to the Court's appellate jurisdiction, as well as the numerous extraordinary plaintiff in propria persona circumstances found illuminating this case that necessitate the Supreme Court's discretion.

The District court incorrectly ruled for summary judgment because the court incorrectly believed petitioner did not have a trade secret. Summary judgment was incorrect when there are triable issues to be decided by a trier of fact. There is clear evidence to establish that petitioner developed and maintained a trade secret as required by the trade secret law under the UTSA.

The District court used an improper federal written copy write misappropriation standard of "substantially similar," vs. the correct formulation trade secret standard of "substantially derived" and/or "striking similar," with the UTSA. (CA Uniform Trade Secret Act)

The prime difference between the incorrect written text federal copyright infringement standard "substantially similar," and the correct misappropriation standard for a formulational trade secret "substantially derived," under the UTSA, is the provisions for "reverse engineering." The experts stated reverse engineering is a common practice in the industry and they believed adidas had reengineered their 60/10 Predator formulation from Brown's sample 70/30 formulation plaques. Adidas provided no development track record for its third party development argument and as noted earlier this third party development, does not match their own Predator patent claims.

Even if "the new evidence" is not viewed, petitioner still had met the triable issue burden to be decided by a jury because of the existence of his trade secret. A summary judgment ruling was inappropriate and harsh.

The PTO out of appeal, has granted petitioner a formulational claim allowance which undeniably proves petitioners trade secret. Petitioner made the PTO appeal aware to the District Court as well as the Ninth Circuit.

2) How can respondent's third party development argument support a motion for summary judgment, when this development does not match their own patent claims. Respondent's utilize a 60/10 natural rubber/polybutadiene mix and Petitioner introduced a 70/30 natural rubber/polybutadiene formulation under multiple nondisclosure agreements. By the book, 60/10 is arguably "substantially derived" from Petitioner's 70/30 disclosure. Before Petitioner's disclosure, respondent had not chosen a formulation or "layered Energy Strips," called "Pulsion Fins" by adidas, for the Predator shoe. Respondent's third party argument does not hold water since the third party development does not match their own patent claims. The

District court based it's improper summary judgment order on this erroneous fact along with the fact that the judge did not believe petitioner had a trade secret. While the Predator shoe was started before petitioner's confidential disclosure in 1991, the shoe and the patent were not finished until 1994 and not until petitioner's confidential disclosures in 1992, for a high resilient polybutadiene formulation, "Layered Energy Strips" later called Pulsion fins by adidas and "super ball marketing," Petitioner is at least a coinventor

3) Petitioner has been denied his constitutional right to trial. The courts have not properly viewed a clear and convincing evidence trail of misappropriation. Summary judgment was not warranted because of the material issues of fact to be determined. The questions in dispute before the court were not black and white and should be decided at trial. The summary judgment order cannot stand when clear and present evidence of at least a circumstantial nature, proves a misappropriation and had been provided in Plaintiff's Motion to Reconsider and in Petitioner's Ninth Circuit Appeal brief.

4) The Courts did not allow for proper oral argument. A Feb. 6 1998 District court oral hearing in early discovery, cannot substitute for proper oral argument, as a day in court. The next oral hearing May 26, 1998, dealt completely with the judges own issues of recusal. The Ninth Circuit completely disallowed oral arguments because of a plaintiff in propria persona.

5) The District court allowed abusive discovery practices by respondents, against a plaintiff in propria persona. Between Dec. 1997 and April 1998, petitioner filed two Motions to Compel Discovery and one Motion for Default, denied. Late discovery was the reason the District court had to view "new evidence' in Plaintiff's Motion to

Reconsider. The Ninth Circuit chose not to view appellant's appeal brief for a procedural mistake and ruled harshly for 'relief" under Federal Rule 60(b).

6) The existence of "shedding light" evidence should outweight any procedural time rule for the Ninth Circuit or any court. The rules are to format and serve not to hinder and bind the pursuit of justice. In this David and Goliath case, the extraordinary leverage inherent should allow and offset for a procedural time violations by the Courts

7) The use of multiple NDA's clearly establishes that respondent's were not in the know regarding super high resilient polybutadiene, design "layered energy strips," and "super ball" marketing application, prior to Brown.

8) The District court Judge admitted her own prejudice with her own issues of recusal, brought forth at the May 26, 1998 oral hearing. This obvious potential for prejudice is clear and allows for a new trial.

9) Petitioner meets the burden of an extraordinary writ for the Ninth Circuit Court of Appeals. Severe economic duress and oppression is created for petitioner as well as for future entrepreneurs who attempt to utilize privately developed intellectual property in commerce.

CONCLUSION

It was a very complex and extraordinary case. A complex case made simpler by facts, the existence of Brown's trade secret and "new evidence" at hand.

1) Adidas's third party argument is notched hollow, since their own independent formulation development does not match the Predator patent claims adidas also argues as the origin of the third party development.

The Predator shoe was finished and marketed after confidential input from Brown, with Brown's own "super ball marketing," input. The Predator formulation and the Predator Pulsion Fins design came after Brown's 70/30 sample plaques and "Layered Energy Strips" design input. 70/30 Plaques the experts believed were reverse engineered into the latter 60/10 formulation for Pulsion Fins" from Brown.

The ESN/adidas formulation does not match the Adidas/Craig Johnston Predator patent which claims styrene butadiene, which is much different than Brown's high resilient polybutadiene formulation in question. The experts concur the entire ESN third party argument had no substantiation, as a development trail normal in R&D, and adidas just happened to loose all our files. ESN is next door to Adidas. There is even an adidas letter to ESN in which they specifically talk about imitating a "high tec" formulation. Convincing evidence that should direct us to a trial.

2) Brown clearly met the burden and had a trade secret as per the PTO appeal claim allowance for Brown's then trade secret and now patenable high resilient polybutadiene formulation claim. This creates a direct conflict with the PTO and also dismissed uniformity in trade secret law with

a body of Ninth Circuit and Supreme Court citation in opposition. The District Court improperly ruled for summary judgment when there are material issues of fact to be determined at a trial.

3) "New evidence" further supports Brown's trade secret and adds at minimum a circumstantial three way evidence trail for trade secrets misappropriations under the UTSA. A trial is warranted.

4) The wrong misappropriation standard was used by the District court. If a ruling does more damage to a greater number of people beyond the original Petitioner, is that not be considered extraordinary? Summary judgment by the District court was extraordinarily harsh for a plaintiff in propria persona. Especially when proper oral arguments as "a day in court," were not allowed. Is not the purpose of trade secret laws under the UTSA, to protect emerging ideas as intellectual property against potential commerce and against oppressive acts?

5) Ruling on a procedural time filing mistake, details an extraordinary disregard for right to trial by the Ninth Circuit, when clear and convincing "shedding light evidence was at hand for the viewing. The burden of proof for relief under Fed R. 60 was at arms length and thus the ruling is to also be considered harsh for a plaintiff in propria persona.

The current ruling dilutes the "independent development" and the 'value of an idea" in America.

The current ruling gives nondisclosure agreements no weight in a misappropriation dispute. Confidentiality itself become meaningless. The ramifications for independent holders of intellectual property development

are clear and debilitating. New business is diminished, commerce is not protected, free enterprise is reduced.

The fix is simple and correct. To correct the conflict with the PTO, a new trial must be ordered. A new trial would affirm trade law jurisdiction conformity with the UTSA for patent law. A new trial would affirm the correct trade secret definition, handling and misappropriation standards under the UTSA. Commerce would be righted.

With Brown's fundamental "right to trial" at issue, petitioner is due maximum scope in considering any evidence. For uniformity in trade secret and patent law jurisdiction, a trail is warranted. Because of the extraordinary circumstances and leverage in this case, as the facts are evidence are viewed, and as the fundamentals of the "greater good," petitioner prays the court would have sole option but to overturn and grant a new trial. This Extraordinary Writ of Certiorari should be granted.

Respectfully submitted,

_____

Jeffrey W. Brown
Dated: June 12, 2000

FILED
DEC 16 1999
CATHY A CATTERSON
CLERK, U.S. COURT OF APPEALS

NOT FOR PUBLICATION

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

JEFFREY W. BROWN

Plaintiff-Appellant,

v.

ADIDAS USA, INC., aka Adidas American, Inc.; DOES, Various Unknown Parties, to include all parties that supply Adidas with materials and outsold formulations and products,

Defendants-Appellees.

No. 98-56752

D.C. No. CV-95-03866-JFS

MEMORANDUM[1]

Appeal from the United States District Court
for the Southern District of California
Marilyn L. Huff, Chief Judge, Presiding

Submitted December 13, 1999[2]

1 This disposition is not appropriate for publication and may not be cited to or by the courts of this circuit except as may be provided by 9th Cir. R 36-3.

2 The panel unanimously finds this case suitable for decision without oral argument. See Fed. R. App. P. 34(a) (2): Accordingly, Brown's request for oral argument is denied.

Before:LEAVY, TROTT, and SILVERMAN, Circuit Judges.

Jeffery W. Brown appeals pro se the district court's summary judgement and its denial of his motion for reconsideration in Brown's action alleging that defendants-appellees misappropriated a recipe for the outsole of an athletic shoe. We have jurisdiction under 28 U.S.C. § 1291. We affirm.[3]

Because it was filed more than ten days after the entry of judgement, Brown's motion for reconsideration is properly construed as a Fed: R. Civ. P. 60(b) motion, *see Gould v. Mutual Life Ins. Co. of New York*, 790 F.2d, 772 (9th Cir. 1986), whose denial we review for an abuse of discretion, *see Molloy*, 878 F.2d at 315. Reconsideration under Fed. R. Civ. P. 60(b) is appropriate if the moving party can show: (1) mistake, surprise, or excusable neglect; (2) newly discovered evidence; (3) fraud or other misconduct; (4) a void judgment; (5) a satisfied or discharged judgment; or (6) any other reason justifying relief

[3] Brown filed his notice of appeal more than 30 days after the district court entered judgment for defendants-appellees. Because Brown filed his motion for reconsideration more than ten days after the entry of file his notice of appeal. See Fed. R. App. P. (a)(4); Fed. R. Civ. P. 6(a). Consequently, Brown's notice of appeal is untimley as to the summary judgment and timley only as to the district court's denial of Brown's motion for reconsideration. See Molloy v. Wilson, 878 F. 2d313,315 (9th Cir. 1989).

from operation of judgment. Relief under subsection (6) requires a finding of "extraordinary circumstances" McConnell v. MEBA Medical & Benefits plan, 778 F.2d 521, 526 (9th Cir.1985).

As the moving party, Brown has the burden of showing that he is entitled to relief. *See Jones v. Aero/Chem Corp.*, 921 F.2d 875, 878-79 (9th Cir. 1990) (per curiam) (holding that movant under Fed. R. Civ. P. 60(b) subsections (2) and (3), must make significant showing of entitlement to relief); *Straw v. Bowen*, 886 F.2d 1167, 1172 (9th Cir. 1989) (same regarding Fed. R. Civ. P. 60(b) subsections (1) and (6)).

While unclear, the primary bases for Brown's reconsideration motion appear to be subsections (1) (mistake), (2) (newly discovered evidence), and (3) (misconduct). Brown has failed to identify any error committed by the district court, *see Straw*, 866 F.2d at 1172, to explain why "new evidence" accompanying his motion to reconsider could not have been presented earlier, *see Jones*, 921 F.2d at 878, to prove by clear and convincing evidence that summary judgment resulted from misconduct, *see id.* at 878-79, or to identify any other

reason justifying relief under Fed. R. Civ. P.(Becuase Brown has not shown he is entitled to relief under any subsection of Fed. R. Civ. P. 60(b), the district court acted within its discretion when it denied his motion for reconsideration. Brown's motion to file a supplemental brief on appeal is DENIED.

AFFIRMED.

FILED
98 SEPT 14
CLERK US DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA
BY: DEPUTY

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

JEFFREY W. BROWN; dba B&B /PRECEDENT – DEFY PRODUCTION; dba B&B PRODUCTIONS AND TECHNOLOGIES, dba B&B TECHNOLOGIES,

Plaintiff,

vs.

adidas USA, Inc., aka adidas America, Inc.,

Defendant.

CASE NO. 95-CV-3866 H (POR)
ORDER DENYING PLAINTIFF'S MOTION TO RECONSIDER ENTRY OF SUMMARY JUDGEMENT IN DEFENDANT'S FAVOR; GRANTING PLAINTIFF'S REQUEST TO FILE UNDER SEAL REPLY DATED SEPTEMBER 9, 1998; DIRECTING THAT THIS ORDER BE FILED UNDER SEAL; TERMIN ATING CASE
(Doc. # 177)

Plaintiff Jeffrey Brown (Brown) moves this Court to reconsider its decision dated August 3, 1998 (the

Summary Judgement Decision) granting defendant adidas's motion for summary judgement and denying Brown's cross-motion for summary judgement. Having carefully reviewed the papers submitted and the law, and for the reasons stated herein and in the Summary Judgement Decision, the Court denies Brown's motion to reconsider.[1] Because this order discloses the proprietary and confidential information of Brown, adidas, and ESN, the Court directs the Clerk of Court to file this order under seal. If Brown wishes to appeal this court's ruling, he must file the notice of appeal in compliance with Fed.R.App.3 & 4(a).

BACKGROUND

adidas is a corporation that manufactures and markets athletic footware. Brown is one of the principals of B&B Technologies, LLP.[2] In 1991, Brown approached

[1]The Court held a lengthy hearing on adidas' previous motion for summary judgement on February 9, 1998. Based on its familiarity with this matter and the issues presented, the Court exercised its discretion under Local Rule 7.1(d)(1) to decide plaintiff's motion without oral argument. Because argument is not required to resolve this motion, the Court denies Brown's request for oral argument.

[2]The Court repeats the factual background from the Summary Judgment Decision.

adidas with an outsole system for athletic shoes called DAMPS, (delayed action motion propulsion system). This system contains springs and magnets in the heel of the shoe to cushion impact. Brown applied for and recieved a patent for DAMPS which issued on April 2, 1996.[3] (*Brown, Ex. 3*). On September 30, 1991, Brown signed a non-disclosure agreement with Gary Wakley, an employee of adidas, and executed a second agreement on December 19th 1992. (*Brown, Exs. 9-10*). Brown also signed a one-page , non-disclosure agreements with Dr. Luthi and Dr. Ned Fredericks, employees of adidas, on May 15th 1992. (*Brown, Ex. 19*). These non-disclosure agreements essentially provide that any material Brown submitted to adidas would remain confidential. adidas

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[3]Brown filed his notice of appeal more than 30 days after the district court entered judgment for defendants-appellees. Because Brown filed his motion for reconsideration more than ten days after the entry of judgment, the motion did not toll the time for Brown to file his notice of appeal. *See* Fed. R. App. 4(a)(4); Fed. R. Civ. P.(a). Consequently, Brown's notice of appeal is untimley as to the merits of the summary judgment and timely only as t the district court's denial of Brown' motion for reconsideration. *See Molloy v. Wilson*, 878 F. 2d 313, 315 (9th Cir. 1989).

evaluated DAMPS and reported to Brown that it was not interested in his technology.

Dr. Luthi informed Brown on June 23, 1992 that adidas wished to test the outsole material used in DAMPS. (*Brown, Ex. 13*) Brown's material contains a mixture of polyisoprene, polybutadiene, and various secondary ingredients. (*Brown Ex. 1*) Polyisoprene rubbers are solution-polymerized polymeres made of either natural (air dried sheets) or synthetic isoprene. Ploybutadiene is a synthetic solution-polymerized polymere that has been used as an ingredient in shoe outsoles since before 1970. On July 9 1992, Brown sent four samples of the outsole material to adidas for testing (the plaque sample). (*Brown, Ex. 13*). Brown testified, however, that he did not provide adidas with the recipe for the plaque sample. (*Benson Declar. II, April 20, 1998, Ex. D, at 199*); (*Luthi Declar., 36*). Pursuant to Brown's confidentiality agreements, adidas agreed not to use the sample, except for evaluation purposes. (Brown, Ex. 10).

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adidas tested the plaque sample and concluded that it failed the abrasion and density requirements for the outsoles of its athletic shoes; Dr. Luthi informed Brown on August 31, 1992 of these results. (*Luthi Declar.*, ¶¶ *23-24*). In January 1993, Dr. Luthi let Brown know that adidas was not interested in his reformulation of the plaque sample. (*Brown, Ex. 14*); (*Luthi Declar.*, *29*).

adidas started development on the Predator soccer shoe in late 1991. The shoe is based on the patented design of Craig Johnston, a professional soccer player. (*Brown, Ex. 12*). The fins or rubber strips on the Predator shoe, which are located at the kicking-contact area of the shoe, are designed to assist soccer players impart spin on the ball as they kick it. adidas contacted several European suppliers to develop a suitable rubber for the Predator fin. (*Klar Revised Declar.*, ¶ *10*). adidas eventually hired ESN, which developed the fin material based on its proprietary recipe for the pads of table tennis paddles. (*Weigl Declar.*, ¶¶ 5-7, *Ex. C*). adidas submitted

ESN's proprietary recipe and the final recipe for the Predator fin to demonstrate their similarity.

In his second amended complaint, which he filed on July 18, 1996, Brown alleges that adidas used his plaque sample to develop the recipe for the Predator fins. This Court denied Brown's motions for summary judgement on November 24, 1997 and and January 23, 1998. On February 12. 1998, the Court denied adidas' motion for summary judgment and Brown's motion to reconsider the January 23, 1998 ruling. At the February 9, 1998 hearing, the Court explained to Brown his burden under Celotex and that it appeared from his opposition papers that he had not proffered sufficient evidence to raise a triable issue of material fact with respect to his allegation that adidas misappropriated his polybutadiene recipe. To provide Brown an opportunity to gather and submit additional evidence in this matter, the Court extended the discovery cut-off date for approximately sixty days.

On March 18, 1998, Brown submitted his third

motion for summary judgment, which the Court denied on April 21, 1998. In April 1998, the parties cross-moved for summary judgment. The Court conducted a hearing on these cross-motions on Tuesday, May 26, 1998. In an order dated July 27, 1998, the Court exercised its discretion under Local Rule 7.1(d)(1) to decide the parties' cross-motions without oral argument. On August 3, 1998, the Court granted adidas' motion for summary judgement and denied Brown's cross-motion for summary judgment.

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On August 17, 1998, Brown filed a motion to reconsider this Court's decision. adidas submitted its opposition on August 31, 1998; Brown filed his reply on September 9, 1998.

DISCUSSION

In his moving papers, Brown failed to cite any authority or provided any ground to support the filing of his motion for reconsideration. All Hawaii Tours Corp. v. Polynesian Cultural Center, 116 F.R.D. 645, 648 (D. Hawaii, 1977),

rev'd on other grounds, 855 F.2d 860 (9th Cir. 1988) (movant must demonstrate some reason whythe court should reconsider its prior ruling). As discussed below, Brown has not provided sufficient grounds in his reply papers to support the filing of this motion to reconsider.[4]

A district court may reconsider its order granting a summary judgment motion under either Federal rule of Civil Procedure 59(e) (motion to alter or amend a judgment) or Rule 60(b) (relief from judgment).[5] See School Dist. N. IJ Multnomah City b. ACandS, Inc., 5 F.3d 1255, 1262 (9th Cir. 1993). The district court may reconsider its decision if it "(1) is presented with newly discovered evidence, (2) committed clear error or the initial decision was manifestly unjust, or (3) if there is

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[4]The Court's scheduling order dated September 4, 1998 and Local Rule 7.1(h) clearly provide that any reply memorandum shall not exceed ten pages. S.D.Loc. R. 7.1(h). Brown's reply, however, is almost double that limit.

[5]Federal Rule of Civil Procedure 60(b) provides for reconsideration only upon a showing of (1) mistake, surprise, or excusable neglect; (2) newly discovered evidence; (3) fraud; (4) a void judgment; (5) a satisfied or discharged judgment; or (6) extraordinary circumstances which would justify relief. Fed. R. Civ. P. 60(b). Brown has not presented any ground under Rule 60(b) to warrant reconsideration.

an intervening change in controlling law." ACandS, Inc., 5 F.3d at 1263 (citations omitted); Trentacosta v. Frontier Pac Aircraft Indus., Inc., 813 F.2d 1553, 1557 & n.4 (9th Cir. 1987); Frederick S. Wyle Professional Corp. v. Texaco, Inc., 813 F.2d 604, 609 (9th Cir. 1985) (movant is "obliged to show not only that this evidence was newly discovered or unknown to it until after the hearing, but also that it could not with reasonable diligence have discovered and produced such evidence at the hearing.") (citation omitted).

Here, Brown has neither cited any new law in support of his motion nor identified any newly-discovered evidence that was unavailable in the prior proceedings. ACandS, Inc., 5 F.3d at 1262-63; Aircraft Indus., 813 F.2d at 1557 & n.4; Texaco, Inc., 764 F.2d at 609. Given the history of this litigation and the Court's order of February 12, 1998 granting him an extension of time to take discovery, Brown's failure to present all his arguments and evidence in the prior

proceedings is not excusable.[6] Brown had ample opportunity to present his case. A motion to reconsider is not designed to allow a party merely re-litigate issues already decided. See Shrader v. CSX Transp., Inc., 70 F.3d 255, 257 (2d Cir. 1995). In addition, Brown has not alleged or shown that the Court committed clear error or that its decision was manifestly unjust. For these reasons, Brown's motion to reconsider is improper. The Court will nonetheless address the merits of Brown's arguments.

In its Summary Judgment Decision, the Court concluded that, among other things, adidas established that Brown failed to raise a triable issue of material fact with respect to his misappropriation allegation and that adidas demonstrated an absence of triable fact regarding its independent development of the recipe for the

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[6]adidas asserts that the exhibits Brown submitted with this motion to reconsider were produced prior to the filing of Brown's third and fourth motions for summary judgment and thus were available to him in those proceedings. For a list of the papers Brown submitted in this matter since October 20, 1997, see adidas, Ex. A.

Predator fins. Celotex Corp. v. Catrett, 477 U.S. 317, 323 (1986); (*Summary Judgment Decision, 8-15, 15-17*). The Court concluded that, even when viewing the evidence most favorably to him, Brown failed to produce more than a "scintilla of evidence in support" of his opposition to adidas' motion. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 252 (1986).

In this motion, Brown does not present any new evidence or law that would warrant the reconsideration of the Court's Summary Judgment Decision.[7] In its previous order, the Court exhaustively reviewed the evidence presented in this case, including the parties' rubber formulas, the Akron and ECA tests purportedly comparing samples of the parties' materials, and the testimony of the parties' experts interpreting this data. (*Summary Judgment Decision,*

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[7]To the extent presented for the first time here, Brown's objections to certain evidence adidas submitted in support of its previous summary judgment motion are untimely and waived by his failure to raise them earlier. San Antonio Community Hosp. v. Southern California Dist. of Carpenters, 125 F.3d 1230, 1238 n.6 (9th Cir. 1997); see also Wiley v. United States, 20 F.3d 222, 226 (6th Cir. 1994)

at 4-15). Based on its review of this evidence and after considering the entirely of the circumstances, the Court concluded that there was no triable issue of material fact with respect to the misappropriation allegations. (*Id., at 9-15*).

Rather than address the Court's conclusion concerning the scientifically-significant differences between the parties' materials and formulas, which was the focus of his previous summary judgment motions. Brown sidesteps this central issue in his motion to reconsider and attempts to highlight other evidence and arguments. As discussed in the Summary Judgment Decision, such evidence, like the super-ball marketing-link phrase, is not sufficient to meet his Celotex burden when viewed in conjunction with the entire record. (*Summary Judgment Decision, at 15).* In this motion, then, Brown fails to present any material evidence or relevant authority to challenge the Court's conclusion regarding the misappropriation allegations. Any suggestion that Brown revealed the recipe to his alleged

trade-secret formula to adidas is controverted by the clear evidence in the record. (Summary Judgment Decision, at 2, 9-11). In addition, for the reasons discussed in the Court's previous order, Brown's use of polybutadiene in footwear is not a protectable trade secret and does not raise any triable issue of material fact regarding adidas' alleged misappropriation. (*Id., at 4-5 n.2, 8-15*).

Similarly, Brown's reliance on authority outside the Ninth Circuit is misplaced. These cases require a showing of probative similarity between the defendant's product and the plaintiff's alleged trade secret, or involve situations where the evidence in the record clearly established that the plaintiff disclosed the trade secret to the defendant and the defendant used this information to create its product. See, e.g. Sokol Crystal Products v. DSC Communications, 15 F.3d 1427-32 (7th Cir. 1995). This Court concluded in its previous order that neither the analysis of the parties' formulas nor the Akron and ECA tests, when viewed in conjunction with the other

evidence in the record, established a probative similarity between Brown's alleged trade secret and the Predator fin material. Brown's motion and exhibits fail to provide any ground to reconsider the Court's ruling on this issue. (*Summary Judgment Decision, at 9*). The absence of any triable issue of material fact concerning the misappropriation allegation alone requires denial of Brown's motion.

In addition, Brown has not presented any evidence or authority to warrant the reconsideration of the Court's conclusion that adidas established an absence of triable issue of material fact regarding its independent development of the material for the Predator fins. The evidence Brown submitted supports the Court's ruling. (*Id., at 15-17*). The evidence shows that Mr. Johnston's patented shoe design formed the basis for the Predator shoe project, including the development of the fins, and that ESN developed the fin material based on its formula for table-tennis pads.[8]

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[8]As Brown notes in his reply papers, Johnston developed the fin concept in 1991, which pre-dates his contact with adidas. (*Reply, at 9*). Brown does not contend that Johnston obtained any information from him.

(*Browns' Reconsideration Exs., April 23, 1993 Letter From Hartmut Klar, at AD 1275*; (*Id., November 15, 1993 Fax, at AD 623-24*);(*Id., November 24, 1993 Letter From Hartmut Klar, at AD 1965*); (*see also Brown Ex. 5, August 18, 1993 Letter From Hartmut Klar*).[9] The Court concluded in its previous order that Brown failed to provide any evidence to support the allegation that adidas misappropriated the "energy strips" from his DAMPS system. (*Summary Judgment Decision, at 8 n.4*). Brown's arguments regarding the "energy strips" are improperly raised for the first time in this motion and nevertheless fail to create a triable issue of material fact.[10]

[9]Brown Ex. 5 refers to the exhibit filed on April 16, 1998.

[10]Prior to the Court's order granting summary judgment in adidas' favor, Brown focused on the arguments and evidence regarding the alleged similarity between the parties' formulas and materials and identified his trade secret ad the formula for his polybutadiene compound. (*Summary Judgment Decision, at 4-6*); (*Benson Declar. II, Ex. E*). With that theory foreclosed by the Court's Summary Judgment Decision, Brown improperly attempts to shift to another theory that this Court already rejected and that he failed to support. (*Id., at 8 n.4*). Similarly, Brown failed to raise his jurisdiction argument until after the Court granted summary judgment in adidas' favor. (*Reply, at 15*). Jurisdiction is proper with this Court pursuant to 28 U.S.C. § 1332.

ACandS, Inc., 5 F.3d at 1263; Trentacosta v. Frontier Pac Aircraft Indus., Inc., 813 F.2d 1553, 1557 & n.4 (9th Cir. 1987); Frederick S. Wyle Professional Corp. v. Texaco, Inc., 764 F.2d 604, 609 (9th Cir. 1985). As stated previously, adidas established that there was an absence of a triable issue or material fact with respect to its independent development of the Predator fins, including their structure and design. (*Id., at 2-3, 8, n.4, 15-17*). Having carefully reviewed the papers and exhibits submitted, the Court concludes that Brown failed to present any evidence or authority to reconsider the Court's independent-development ruling. For the above reasons, the Court denies Brown's motion to reconsider.

CONCLUSION

Having carefully reviewed the papers submitted and the law, and for the reasons stated herein and in the Summary Judgment Decision, the Court denies Brown's motion to reconsider. Because this order discloses the proprietary and confidential information of Brown, adidas, and ESN, the Court directs the Clerk of Court to

file this order under seal. If Brown wishes to appeal this Court's ruling, he must file the notice of appeal in compliance with Fed. R. App.P. 3 & 4(a).

IT IS SO ORDERED.

DATED: 07-07-00

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Marilyn L. Huff, Chief Judge

UNITED STATES DISTRICT COURT

Appendix C

FILED
MAR 03 2000
CATHY A CATTERSON
CLERK, U.S. COURT OF APPEALS

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

JEFFREY W. BROWN

Plaintiff-Appellant,

v.

ADIDAS USA, INC., aka Adidas American, Inc.; DOES, Various Unknown Parties, to include all parties that supply Adidas with materials and outsold formulations and products,

Defendants-Appellees.

No. 98-56752

DC# CV-95-03866-JFS
SOUTHERN CALIFORNIA
(SAN DIEGO)

ORDER

Before: LEAVY, TROTT and SILVERMAN, Circuit Judges

The panel has voted to deny Brown's petition for panel rehearing. Judges Trott and Silverman have voted to deny Brown's petition for rehearing en banc, and Judge

Leavy has so recommended.

The full court has been advised of the petition for rehearing en banc and no judge has requested a vote on whether to rehear the matter en banc. *See* Fed. R. App. P. 35.

The petition for rehearing is denied and the petition for rehearing en banc is rejected.

No further filing will be filed or entertained in this closed appeal.